

Service Date: July 14, 1992

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER Of The Application)	UTILITY DIVISION
Of The Town of Philipsburg To Increase)	DOCKET NO. 92.5.25
Rates And Charges For Water Service)	ORDER NO. 5626a
In Its Philipsburg, Montana Service Area.)	

DEFAULT ORDER GRANTING WATER RATE INCREASE APPLICATION

BACKGROUND

1. On May 14, 1992, the Town of Philipsburg (Applicant or Town) filed a petition with the Montana Public Service Commission (Commission) pursuant to Sections 69-13-101 et seq., MCA, for an order authorizing the Applicant to increase water rates in its Philipsburg, Montana service area. This increase will provide revenues to defray increased costs of operation and maintenance and finance a debt coverage and reserve for the water revenue bond sales. The rate increase will generate approximately \$24,730 in additional annual revenues, or an increase of 25.1% in total annual revenues from water rates.

2. On June 10, 1992, the Commission issued an order, subject to rebate, granting the Applicant interim rate relief. The Town was given an interim increase in rates of

25.1%, equalling a revenue increase of approximately \$24,730 or 100% of the proposed permanent increase.

3. On June 5, 1992, the Commission issued a Notice of Opportunity For Public Hearing. A provision in that notice stated, "If no hearing or protest is requested by July 6, 1992, the Commission will consider the matter and an appropriate order may be issued."

4. The town will soon have an outstanding revenue bond. Therefore, it must meet the requirements of the revenue bond indenture. In the sale of municipal bonds, the purchasers of the bonds must be assured that their investment is secure. To provide this security, the municipality makes a promise, called a covenant, to ensure that it will always be able to pay the principal and interest on the bonds as they come due. As part of its current bond indenture, the Town has agreed to a covenant requiring that it achieve a minimum bond coverage of 125%.

5. Having considered the application and the documentation furnished by the Applicant in support of its application and deeming itself fully advised in the premises, the Commission makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

6. No protest or request for hearing has been received.

7. On May 5, 1992, the Town Council of the Town of Philipsburg passed a resolution to request Commission approval of the proposed rates.

8. The town needs additional revenue to cover increased operation and maintenance costs and to finance debt coverage and reserve for the water revenue bond sales.

9. The proposed rates will increase annual revenues by approximately \$24,730.

CONCLUSIONS OF LAW

1. The Town of Philipsburg is a public utility as defined in Section 69-3-101, MCA. The Montana Public Service Commission properly exercises jurisdiction over the Applicant's rates. Title 69, Chapter 7, MCA.
2. The Commission has provided adequate public notice and an opportunity to be heard as required by Section 69-3-303, MCA, and Title 2, Chapter 4, MCA.
3. The rates and rate structure approved in this order are just and reasonable. Sections 69-3-201 and 69-3-330, MCA.

ORDER

1. The rates approved on an interim basis are hereby made permanent.
2. The rates shall be effective upon the issuance of revenue bonds.
3. The Town shall file copies of the revenue bond ordinance with the Commission as proof of bond issuance.

DONE IN OPEN SESSION at Helena, Montana this 13th day of July, 1992 by a
5-0 vote.

BY THE ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

DANNY OBERG, Chairman

WALLACE W. “WALLY” MERCER, Vice Chairman

BOB ANDERSON, Commissioner

JOHN B. DRISCOLL, Commissioner

TED C. MACY, Commissioner

ATTEST:

Ann Purcell
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.